

**Access to Microfinance & Improved Implementation of Policy Reform
(AMIR Program)**

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Investor Road Map: Licensing

Final Report

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This report was prepared by Mr. Leon Bijou, in collaboration with Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan.

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Introduction

On 25 January, I presented a workshop on business licensing reforms in Amman, Jordan to approximately 40 government representatives at the sub-ministerial level. The workshop was a follow on activity to a report entitled, “Jordan: Improving Administrative Procedures for Investors,” that was written in 1998 (the “Investor Road Map Study”) by Foreign Investment Advisory Services (a joint service of the International Finance Corporation and The World Bank) and the United States Agency for International Development. This Final Report will describe the preparation for the workshop, the discussions that took place during the workshop, the action plan that was developed as a result of the workshop and the action plan that is to be implemented.

Preparation

My preparation for the workshop involved: (i) a detailed review of the Investor Road Map Study; and (ii) a series of meetings over two weeks with Dr. Salah-Eddin M. Al-Bashar, Maher F. Hamdan, Advocate, Ms. Nisreen Haram, Research Coordinator, and Ms. Rand G. Hannun, Legal Researcher, from International Business Legal Associates (“IBLA”) in Amman.

During those meetings, we reviewed and analyzed Jordan’s current business licensing regime. In some cases, we reviewed files of several clients of that firm, who had sought assistance in acquiring business licenses in Jordan. We also reviewed and analyzed the legislative provisions regarding business licenses and the unwritten practices that are in effect in Jordan.

As a result of these meetings, I prepared materials for a workshop, which include a Press Release (attached hereto as Appendix A), Opening Statement (attached hereto as Appendix B) and Workshop Slides (attached hereto as Appendix C).

The Workshop

As noted in the Opening Statement, it is impossible to institute reforms without changing the mindset of government officials, who are involved in business licensing on a daily basis. Accordingly, I began the workshop by addressing the current attitudes and offering examples of how those attitudes can be adjusted to usher in a new era of private sector activity in Jordan.

Due to the breadth and complexity of the topic, the workshop was not planned as an in-depth review of the business licensing regime. Instead, I used many examples to convey to the audience the need to institute reforms. Each of the topics that were discussed at the workshop is described in detail in the Workshop Report (attached hereto as Appendix D). A list of the government officials who attended the workshop is attached hereto as Appendix E.

The Action Plan and Its Implementation

As a result of the workshop and my consultations with personnel from IBLA, I drafted an Initial Action Plan (attached hereto as Appendix F), which described a series of interviews that IBLA would conduct with various ministries in order to obtain a full and complete description of the business licensing procedures. Based on our conversations with Farhat Farhat, however, we decided that it would be more efficient to draft a business licensing law and, as part of the legislative package, IBLA would request each of the ministries to draft the procedures that would be instituted (or, in some cases, continued) in connection with the new legislation.

Currently, the main follow up activity that must be implemented is the drafting of local legislation that will create a new, simplified licensing regime and establish administrative standards for the ministries. The goal of this activity is to create a law that is transparent and predictable and that will require only those documents that are relevant for the public purpose that each ministry seeks to regulate. IBLA and I will continue to work coordinate our efforts so that we can draft a law that draws upon the reforms implemented in other emerging economies but is tailored to meet the economic and political realities in Jordan.

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Appendix A – Press Release

PRESS RELEASE

On Tuesday, 25 January 2000, the Investment Promotion Corporation (“IPC”) of the Hashemite Kingdom of Jordan in cooperation with the Access to Microfinance & Improved Implementation of Policy Reform (“AMIR”) program will be sponsoring a workshop on reforming business license procedures in Jordan. The workshop will be held at the Marriott Hotel, in Amman, beginning at 8:30 A.M.

The participants in the workshop will include members of the IPC, the AMIR program and members of the various line ministries that are responsible for issuing business licenses.

The goals of the workshop are to: (i) review the overall business licensing system and understand how it can be reformed so that they are less lengthy and complex; and (ii) create a system that is more transparent and predictable. The purpose of implementing such reforms is to assist the Government in its efforts to deregulate entry into the economy and encourage private sector entrepreneurs in Jordan to begin private sector activities.

Appendix B – Opening Statement

Introduction

The rush of events of the past year has brought Jordan to the edge of opportunity. The assumption of the throne by King Abdullah, his focus on the need to undertake fundamental economic reforms, the subsequent creation of the Economic Consultative Committee and Jordan's accession to the World Trade Organization have created a new climate in Jordan. Despite these reforms, Jordan is not yet an investor friendly country for several reasons – one of which is its business licensing procedures. There is a great deal of work that must be done in this area before Jordan can flourish.

This workshop is one of many that are part of the Access to Microfinance and Improved Implementation of Policy Reform program ("AMIR"). AMIR is a four-year project funded by the United States Agency for International Development that is designed to help Jordan improve its business environment by promoting economic growth and bringing Jordan into the mainstream of the global economy.

In today's workshop, we will consider Jordan's complex processes for obtaining business licenses, which, simply put, prevent economic development in Jordan by discouraging entrepreneurial activities from within and inhibiting foreign investment in Jordan. We will discuss how those processes can be simplified in a way that will unleash the power of the private sector in Jordan and facilitate the entry of foreign investors in Jordan. To begin, I would like to define the goals of this business licensing reforms workshop and provide a global and regional context for the reforms we will discuss today.

Goals of the Business Licensing Reforms Workshop

This workshop has two goals, to: (i) identify the obstacles in the current business licensing procedures; and (ii) develop and implement a model for eliminating those obstacles. Ideally, we will be able to create a new licensing process that will encourage private sector investment from both domestic and foreign sources.

Economic Reform Worldwide

Before considering the licensing procedures, let us look at the broader picture of economic reform worldwide. As globalization spreads, economic systems in every corner of the globe are undergoing dramatic transformations in which long-standing structures are being removed to liberalize the movement of capital, goods and people. Two examples include:

- Japan, where the post-war economy was based on the *keiretsu* system of business relationships among closely connected companies bound by mutual shareholders and personal contacts. In recent years, that traditional system has started to be dismantled because it is seen as an

impediment to competition and Japanese banks want to increase their return on capital.

- Korea, which has had its own traditional system of closely linked companies, called *chaebols*. These groups are under attack by market forces that they can no longer control.

In addition to these are examples of countries that are undoing traditional economic structures that no longer work, it is also true that where economic liberalization is undertaken there are positive results. One stunning example is the Dominican Republic, a country usually noted for its poverty. This year, it is forecast that that country's gross domestic product will leap by eight percent due to growth in the commerce, construction, telecommunications and power sectors. As a result of the government's role in facilitating investment and promoting economic liberalization, foreign direct investment in that country will be approximately \$1billion this year.

Economic Reform in the Middle East

Against this background, let us consider economic reform in the Middle East. It is not a secret that, until now, there has been little meaningful economic reform in the region. In fact, the \$1 billion of private investment that will be made in the Dominican Republic is almost equal to the amount of such funds that were invested in Egypt in 1998. While emerging markets have grown and, in some cases, shrunk in the past decade, the local economies, stuck in their old systems, have enjoyed few of the benefits of globalization. These systems were established in the first half of the 20th Century, when a strong, central government was the accepted model for government and was responsible for all aspects of a national economy. With the emergence of the global economy, however, the emphasis has shifted from central government funding to dependence on foreign investment from the private sector.

Fortunately, however, the days of watching changes take place elsewhere are over as governments in the region are now attempting to restructure their economies and adopt streamlined, investor-friendly procedures that are designed to attract private capital. These developments include:

- promises by Saudi Arabia, in its attempt to gain accession to the World Trade Organization, to amend its investment laws, permit foreign ownership of real estate and remove obstacles to private investment;
- economic reforms being discussed by Kuwait's Parliament, which include subsidizing private sector employment to cut state labor costs, permitting foreigners to own corporate entities and allowing foreigners to trade on the local stock exchange; and
- discussions in Syria, which is saddled with a stagnant, state-run economy, to institute reforms to support the aspirations of its merchant class.

While these regional developments mean that Jordan is in step with local developments, they also present a challenge to Jordan. Specifically, it is not enough for Jordan to measure its progress based on a comparison with its old system or even with liberalized economies in Europe and the Americas. Instead, Jordan is in competition with other countries in the region for foreign direct investment that can have a dramatic impact on a developing economy. The winners of this competition will be the countries that institute the greatest reforms with the greatest speed.

But attracting foreign private capital, alone, is not the only purpose of the reforms we will discuss today. The other goal of the liberalization program is to permit Jordanians to initiate private sector activities and improve the economy from within. By combining locally generated business activity with foreign investment it will be possible to transform economy of Jordan and the lives of its citizens.

The Business Licensing Reforms Workshop

The topic of business licenses in Jordan is a very broad and complex one that cannot be covered in the course of a single workshop. As a result, I will not review every licensing procedure in detail. Instead, I will give an overview of some of the problems of the current licensing regime and present ways to eliminate many licensing requirements and simplify the valid licenses that remain. I will also outline, and we will discuss, several approaches that can be used in revising the various business licensing procedures and present some model for your consideration.

General Comments About Licensing

- In this workshop, I will use the word ‘license’ to mean any government approval or document that must be obtained before beginning business activity, including approval of the Ministry of the Interior, which is not a licensing entity but, effectively, serves that role under current procedures.
- Licensing does not include company registration, which is a notification to the government by a private person or corporate entity that it intends to conduct business. In almost every instance, registration should be allowed before any licensing procedure has started.
- While government should limit their use of licensing authority, this does not mean that they should limit their ability to regulate the time, place and manner in which activities are conducted, which can be done through legislation and administrative regulations.
- We will not discuss: (i) professional licensing of doctors, lawyers and other professionals; (ii) zoning laws or the government’s role in real estate in Jordan; or (iii) investment policies, such as minimum capital requirements.

The Mindset Reforms

While the goal of this workshop was simply stated, it will not be easy to achieve; in order to simplify the licensing processing, we must first address the mentality that created them.

As King Abdullah has noted, changing the mindset of the Jordanians is a key factor to introducing real economic and regulatory reforms in Jordan. If we are successful in helping local officials, such as yourselves, change the role of government in licensing businesses, it will be possible to implement the necessary reforms to make Jordan competitive in the global economy. These reforms, in turn, will promote business activities by the domestic and foreign private sectors, which will translate into investment and jobs. If we are not successful, then our efforts to revise the licensing system will create only cosmetic changes.

Finally, I'd like to emphasize the role that each of you can play in this reform movement. While each of you, as a government worker, may think that there is little that you can do to correct that situation because of small role you play in the government, that perception is incorrect. In fact your input into this process can be very important to implementing these reforms, which can help Jordan to reach its full economic potential.

BUSINESS LICENSING REFORMS WORKSHOP

SPONSORED BY

**INVESTMENT PROMOTION CORPORATION
OF THE HASHEMITE KINGDOM OF JORDAN**

AND

**ACCESS TO MICROFINANCE AND IMPROVED IMPLEMENTATION OF POLICY REFORM
PROGRAM**

**25 JANUARY 2000
AMMAN, JORDAN**

LEON J. BIJOU

Appendix C – Workshop Slides

Problems in The Current Licensing Regime

PROBLEMS	RECOMMENDATION
Most sectors require licenses from the ministries, which results in a repetitive, expensive and time-consuming process that inhibits investors from doing business in Jordan.	Develop a list for those activities that require licenses and abolish all other licenses.
Many approvals/licenses in the current licensing system lack a clear governmental purpose and are unnecessary.	Define the public purposes that should be protected by governmental licensing and abolish those licenses that do not regulate a legitimate public purpose.
Current licensing procedures lack transparency.	Draft procedures that describe each licensing process and its requirements in detail.
Current licensing procedures lack predictability.	Draft step-by, step procedures with: (i) a timetable for official actions; (ii) a self-imposed time limitation for such actions (and a provision that no action is equal to approval); and (iii) a requirement that all decisions must be in writing and refer to the appropriate law or regulation.
Many license requirements are irrelevant.	Revise license requirements to include only those necessary to insure the public purpose.
There are overlapping jurisdictions among various government licensing authorities.	Allocate sole responsibilities to the appropriate governmental authorities that will apply to all sectors and consolidate related approvals into individual authorities.
Licensing procedures are unnecessarily complex, in part, because of interdependence among the ministries.	Simplify complex procedures and reduce interdependence between authorities, including prior and final approvals.
Many approvals (such as municipal zoning and duty exemptions for fixed assets) are determined on a case-by-case basis.	Draft standards for recurring approvals and make them available to the public and abolish the case-by case reviews.
The overlapping ministerial authorities require multiple submissions of documents.	Introduce computer based electronic filings and application management systems.

A Review Of Prevailing Attitudes

CURRENT PERCEPTIONS	REVISED APPROACH
The Government knows best what is good for investors.	This attitude prevents innovation and progress in the private sector. Except when a clear public purpose is involved, market discipline should govern business affairs.
The Government must protect its citizens from the private sector.	Government involvement should be limited to protecting valid public purposes.
The private sector entrepreneurs cannot be trusted because they seek to manipulate, and gain from, the economy.	In a successful economy, private sector activities are encouraged because they provide jobs and improve local economies.
Licensing procedures produce revenue for the Government; therefore, more licenses produce greater revenue.	Excessive licensing inhibits business; simpler licensing procedures will increase business activity that will produce jobs and tax revenues.
Other government ministries cannot be trusted, thus, requiring additional approvals.	The distrust among the ministries results in redundant licensing procedures, which discourage entrepreneurial ventures and fail to serve the public. Adopt new, simplified procedures to encourage private sector activities.
The role of licensing officials is to insure that investors meet government requirements.	Licensing officials should also provide service to investors and assist them in negotiating the licensing process.
Licensing is always a legitimate use of government authority.	Excessive use of government authority undermines implementing economic reforms.
Custom and usage are appropriate guides for issuing licenses.	Licensing procedures should be limited to narrowly interpreted legal requirements.
In establishing licensing policies, licensing authorities must take responsibility only for those matters that fall within their own jurisdiction.	Government officials should take into account the cumulative effect of each license in the overall licensing procedure.
Licensing requirements must protect private monopolies and early investors in certain sectors.	Licensing requirements that limit competition are unfair to consumers and prevent economic development.

Licenses Lacking A Public Purpose

Business Activity	Licensing Entity	Recommendation
Advertising agencies	Department of Press and Publication/ Ministry of Information; Ministry of Interior and the Governor	Amend legislation and abolish the license.
Audio and video cassette stores	Department of Press and Publication/ Ministry of Information	Amend legislation and abolish the license.
Hotels	Ministry of Tourism	Amend legislation and abolish the licenses that do not have a public purpose.
Tourist class restaurants	Ministry of Tourism and Ministry of Interior	Amend legislation and abolish the license.
Auto rental agencies	Ministry of Tourism and Ministry of the Interior, who acts on the advice of a committee that includes representatives of the Ministry of Tourism, Ministry of Transport, the Governor, the Municipality and the Traffic Department.	Amend legislation and abolish the license.
Tourist transportation	Ministry of Tourism	Amend legislation and abolish the license.
Flower shops	Ministry of Agriculture	Amend legislation and abolish the license.
Driver education schools	Ministry of Interior in coordination with regional traffic committees and the Licensing Director	Transfer authority to Ministry of Education.
Locksmiths, jewelry manufacturers and retailers, pool and snooker halls, coffee shops, wedding halls, video arcades, sports centers, fitness centers, women's hairdressers.	Ministry of Interior	Amend legislation and abolish the license.

Licenses Lacking A Public Purpose

Business Activity	Licensing Entity	Recommendation
Printing presses; publishing and distribution companies; public opinion polling firms; translation companies	Ministry of Information	Amend the legislation and abolish the license.
Real estate agencies; land surveyors	Department of Land Registry within the Ministry of Finance	Amend the legislation, abolish the license and create professional standards.
Private courier companies	Cabinet and Ministry of Transport	Amend legislation and abolish the approval and license.
Freight Forwarders	Ministry of Transport	Amend the legislation and abolish the license.
Cinemas	Ministry of Interior and Ministry of Information	Amend the legislation and abolish the license.

Examples Of Licenses To Be Discussed

Business Activity	Licensing Entity
Water sale, distribution and transportation	Water Authority
Pharmaceutical warehouses	Ministry of Health and Pharmaceutical Association
Construction contractors	Ministry of Public Works and Contractors Association

PUBLIC PURPOSES TO BE PROTECTED BY GOVERNMENTAL LICENSES

- Natural monopolies, including gas, electricity, telecommunications
- Natural resources, including minerals, land, water, airwaves
- Public trusts, including banks, securities firms and insurance companies
- Public property, including government-owned companies and lands
- Consumer protection
- Health
- Education
- Public order
- Morals
- National security

Examples Of Sectors To Be Licensed

- Banks, insurance companies, securities firms and other financial institutions
- Medical, health-related professions, such as chiropractors, physical therapists, pharmacists and veterinarians
- Medical and health-related institutions, such as hospitals, clinics, old age homes and rehabilitation centers
- Mining natural resources
- Passenger and freight transportation, including, ground, air and maritime
- Natural monopolies, such as railways, electric power and telecommunications

Complex Licensing Processes

Business Activity	Licensing Entities	Requirements	Timeframe
Tourist restaurants and rest houses under existing procedures	Ministry of Tourism (“MOT”); Ministry of the Interior (“MOI”) (Governor); Police (for recommendation and professional license); Directorate of General Intelligence; Municipality (for recommendation, construction license, which requires 7 approvals, health/handicrafts and professional license); Ministry of Health (pre- and post registration); Department of Civil Defense (recommendation and a building license); Ministry of Industry and Trade; GCPE or the Municipality (environmental clearance); Department of Lands & Survey	MOT – The owner, manager and each employee must fulfill personal qualifications; minimum registration capital of JD30,0000; site must have technical qualifications. MOI – Guarantee for the business.	None specified in the laws or regulations or generally accepted practice.
Tourist restaurants and rest houses under a simpler process	Ministry of Civil Defense (construction license); Ministry of Health (health license); and GCPE for environmental clearance.	None	Each approval should be provided in not more than one week.

Current Licensing Procedure For Snooker & Pool Halls
(Note: Neither An Order Nor Approval Periods Are Specified.)

1. Apply to register the company with Ministry of Industry and Trade.
2. Apply to the Governor for pre-approval.
3. Apply to the Police and the Municipality for pre-approvals.
4. Return to the Governor with the approvals and apply to regulatory committee that consists of Police, Municipality, Civil Defense Directorate, Ministry of Health, Ministry of Youth, Ministry of Social Welfare, Snooker Union, Syndicate of Owners of Video Games, which will inspect the site.
5. The regulatory committee makes a recommendation to the Police and the Municipality.
6. The Police and the Municipality convey their approval to the Governor.
7. Governor approves and makes a recommendation to the Ministry of Industry and Trade approving the registration of the company.
8. Apply to the Municipality for a professional license by producing proof of the Governor's prior approval.
9. Apply to the Civil Defense Directorate for a license to occupy the site or to build the building.
10. Civil Defense Directorate conducts an inspection of the site or reviews the plans and issues either an occupancy permit or a construction license.
11. Apply for environmental clearance: if the site is within the Municipality's jurisdiction, to Municipality; in all other cases, to the General Corporation for Protection ("GCPE") of the Environment, which conducts an inspection.
12. This inspection is conducted by the Central Licensing Committee ("CLC"), which consists of members of the Ministry of Health, Ministry of Industry and Trade, GCPE, Ministry of Agriculture, Ministry of Energy and Ministry of Municipalities, even though each member may not have a vote.
13. If the project requires a change in land use, then the Higher Regulatory Council of the Ministry of Rural Affairs recommends issuance of environmental clearance.
If the project does not require a change in land use, then the CLC would recommend issuance of environmental clearance.
14. Apply to the Directorate of Public Security and the Minister of Health (or the Municipality, if it falls within that jurisdiction), which must inspect the site, for issuing a license.

Sample Licensing Procedure For Snooker & Pool Halls

1. Register the company with Ministry of Industry and Trade.
2. Apply to the Civil Defense Directorate for a license to occupy the site or to build the building.
3. Apply to GCPE for environmental clearance; within one week, GCPE conducts an inspection and provides a response.
4. Within one week of receiving the application, the Civil Defense Directorate conducts an inspection of the site or reviews the plans and, within one week, issues either an occupancy permit or a construction license.

Appendix D – Workshop Report

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M E M O R A N D U M

To: Mr. Farhat Farhat, AMIR Policy Reform Coordinator

From: Leon J. Bijou

Date: 27 January 2000

Re: IPC/AMIR Business Licensing Workshop

Introduction

On Tuesday, 25 January 2000, I conducted a workshop in Amman on business licensing requirements in Jordan as part of the Access to Microfinance and Improved Policy Implementation of Policy Reform program (“AMIR”). The workshop was based on the Investor Road Map study conducted by the World Bank/FIAS in 1998 and the meetings I held with representatives of International Business Legal Associates (“IBLA”) over the last two weeks.

The workshop participants included approximately 40 representatives of [17] governmental ministries. Ms. Reem Badran, Director General of the Investment Promotion Corporation opened the workshop with brief introductory remarks. Thereafter, Ms. Nissreen Haram of IBLA welcomed the participants and then I made an opening statement, a copy of which is attached. Also attached are copies of the transparencies that I used in my presentation.

The Workshop

The majority of participants were mid-level officials (not decision-makers), most of whom, according to Ms. Badran, probably consider themselves good government workers, who faithfully obey existing laws and regulations. As a result, it took some effort to get the participants to consider the larger question of how the business licensing procedures serve as an obstacle to entrepreneurial activities.

A Review of Prevailing Attitudes. I began with this topic to frame the discussions that would take place during the day. Specifically, I wanted the participants to consider the attitudes that shape the current business licensing environment. Initially, there was limited discussion due to the abstract nature of assessing prevailing attitudes. Throughout the day, however, we discussed many examples of the current licensing processes during which the participants were able to relate to the prevailing attitudes.

As a result, by the end of the workshop, it was clear that many of the participants agreed with the current perceptions and with the suggested revised approaches. Thus, for example, various participants acknowledged that government officials believe that they know what is best for investors and have an obligation to protect its citizens from the private sector. This obligation of the part of government is so engrained that one participant, who is an economist and works with the World Bank, did not understand that, in denying a business license to smaller companies, the government, in effect, is protecting an existing private monopoly or the early investors in a particular sector.

To dispel these notions, I reviewed the dynamics of a market-based economy and the role of government in such an economic system. While there was familiarity with these concepts, the idea of applying them to each ministry was novel. Regarding a related perception, that licensing is always a legitimate use of government authority, I provided many examples to demonstrate the chilling effect this can have on private sector activities.

Other prevailing attitudes were less familiar to the participants, such as the need of licensing officials to look beyond their own requirements and take into account the cumulative effect of the overall licensing procedure on investors. There was also little palpable reaction to the idea that there is a sense of mistrust among the various ministries, which results in duplicative licensing requirements and approvals. I suspect that this was due to the fact that the participants are not policy makers and that, generally, they limit their daily focus to administering to the needs of their ministry.

Another less familiar topic was the idea that licensing should be limited to valid public purposes. We spent considerable time discussing this point, which is described below.

Public Purposes to be Protected by Government Licenses. Because the concept of a public purpose does not translated directly into Arabic, I provided examples of such public purposes. The participants grasped this idea quickly. We also spent some time discussing the role government in enforcing religious and public moral standards. I emphasized the idea that there is a difference between licensing, in which the government has the authority to deny a license, and regulation (by legislation or administrative procedures), which allows the government to control the time, place and manner in which an activity is conducted. I also proposed that with respect to activities for which the licensing requirements may be abolished, the government can continue to monitor public purpose concerns through such regulation.

Examples of Sectors to be Licensed. The purpose of presenting this as a separate topic was to demonstrate how the abstract notion of a public purpose can be extended to a sector in which licensing is a legitimate government function. I believe that the participants absorbed and understood this concept.

Licenses Lacking a Public Purpose. Having conveyed the concept of a public purpose and how it relates to different business sectors, I presented concrete examples of licenses that do not serve a public purpose. The examples noted on the transparency were drawn from research undertaken by representatives of IBLA and my discussions with them. This topic generated the most discussion during workshop.

The most important concept raised in this discussion was the need to distinguish between valid and unnecessary licenses. Thus, while a hotel must be licensed by the Civil Defense Directorate to ensure public safety in the physical structure, it does not require an additional license as a tourist facility from the Ministry of Tourism. In discussing the example of a license required to open a flower shop, we spent some time on the topic of zoning, which, I noted from the outset, was beyond the scope of the workshop.

When I presented examples of licenses issued by the Ministry of the Interior (such as cinemas, locksmiths, jewelry manufacturers and retailers, snooker and pool halls, coffee shops and wedding halls) and the Ministry of Information (such as cinemas, advertising agencies, video cassette stores, printing presses, public opinion polls and translation companies), the representatives of those two ministries tried to defend those licensing practices with general platitudes. During that part of the discussion, it became obvious that those representatives would not engage in the thought exercises that I proposed and, in fact, were opposed to the idea of reform. After that point, their participation was very limited. It is worth noting that the majority of the other participants were not sympathetic to those officials and even expressed some derision with respect to them.

Complex Licensing Processes. The purpose of this topic was to demonstrate how current licensing procedures act as an obstacle to private sector activities. While we did not spend a great deal of time on this topic, my sense was that the participants were aware of this problem but, due to their limited mandates within each ministry, were not able to address the issue.

Other Concepts. Some other concepts were raised apart from the planned agenda. At the outset, I noted that the distinction between registration of a company and licensing a company's activities. While this had been discussed in an earlier workshop, there was a need to review the idea. Another idea that was raised was the need of government to gather information about business activities in Jordan. Apparently, there is a sense that the government can accomplish this task through licensing.

Problems in the Current Licensing Regime. I introduced this overall treatment of the current licensing regime towards the end of the workshop. Although I had intended to use it earlier, it served a valuable purpose towards the end: it summarized many of the problems that were raised in the many examples that we discussed. It also served the function of laying the foundation for the action plan. Consequently, those matters are reviewed in the action plan, a copy of which is attached.

APPENDIX E

Appendix E – Workshop Attendees

Hard copy attached.

Appendix F – Initial Action Plan

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M E M O R A N D U M

To: Mr. Farhat Farhat, AMIR Policy Reform Coordinator

From: Leon J. Bijou

Date: 27 January 2000

Re: Business Licensing Action Plan

This memorandum will describe the action plan for implementing the recommendations discussed at the business licensing workshop. The breadth of the topic presented at the workshop, business licensing, made it impossible to review the licensing procedures of any individual competent authority during the workshop, except to serve as examples for considering how to contemplate reform. As a result, we need to design a general action plan to gather information and the review the licensing procedures of each competent authority.

To facilitate obtaining information from each ministry, I suggest that International Business Law Associates (“IBLA”) draft a questionnaire that will be distributed to each competent authority regarding its licensing procedures and requirements. The questionnaires will ask each competent authority to outline its current licensing procedures and requirements and to state the valid public purpose of each procedure and justify each requirement. The questionnaires will be based on existing research and will seek validation and elaboration of data already gathered by IBLA. The goal will be to elicit from the competent authorities a self-assessment of the existing licensing scheme based on the criteria developed in the workshop.

Each competent authority will be asked to provide a list of the licensing procedures that should be retained and those that should be abolished. For those that will be retained, the competent authority will be asked to provide a revised, streamlined procedure (including timeframes for each official response); for those that will be abolished, the competent authority will consider if there are any government purposes that it should retain through regulation.

The competent authorities will also be asked to provide an outline of those functions for which it should serve a licensing function. This is intended to provide us with an idea of how each

competent authority sees itself operating in a simpler licensing environment. Finally, the competent authorities will also be asked to provide a list of approvals that it provides on a case-by-case basis and to draft a set of standards that are used by the public instead of obtaining those approvals.

Once these procedures are documented, it will be possible for AMIR to determine which licenses should be abolished and how to simplify those that are to be retained. With this information, AMIR can review the results and determine how the remaining licensing procedures can be coordinated among the competent authorities to reduce redundancy.

To make this process effective, the local sponsoring organization should have some enforcement powers. It is worth contemplating whether IPC is the correct local sponsoring organization. Given the high priority King Abdullah has placed on implementing economic reforms, it may be worth conducting this information gathering exercise under the auspices of another entity that is more closely related to the reform movement, such as the Economic Consultative Council (the “ECC”). Moreover, a body with enforcement powers will be necessary when dealing with ministries that are less interested in ceding power, such as the Ministry of Information and the Ministry of the Interior. If the ECC is not a viable alternative, we should consider working through the Ministry of Industry & Trade.

To maximize cooperation of the competent authorities, it may be necessary to meet with the competent authorities individually and provide guidance in completing the questionnaires and providing the other requested information. In the case of some competent authorities, such as the municipalities, the Ministry of Health and the Civil Defense Directorate, I understand from IBLA that there are more procedures that meet the eye; for these IBLA should investigate the procedures and present them to the competent authorities in a personal meeting. Once this information is provided to IBLA, we can review it and assess whether or not the competent authority is capable of instituting reforms.

The revised material will be reviewed with each competent authority and, once a consensus is reached, we can begin to draft legislation and procedures.